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20 DEC 1963

The Honorable W. Averell *Harriman*
Under Secretary for Political Affairs
Department of State
Washington, D. C.

Dear Governor Harriman:

In the Director's absence I am responding to your letter of 9 December requesting the preparation of a paper on current economic weaknesses in the Soviet Bloc and Communist Asia. As you know, the Director is very much interested in this subject and, before leaving town, he initiated action along the lines suggested in your letter. Members of my staff have already discussed the general approach of the report with your people in INR and we will keep in close touch with them until the project is completed. We plan to have the paper ready for issuance shortly after the New Year.

Faithfully yours,

(Signed) Marshall S. Carter

Marshall S. Carter
Lieutenant General, USA
Acting Director

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MEMORANDUM FOR: Director of Central Intelligence
SUBJECT : Actions Completed and Plans for Further Action With Reference to the Soviet Economic Situation

1. This memorandum is for information.
2. Herewith a log of actions completed to date:

a. 12 December 1963 - I briefed [redacted] assisted by [redacted] The discussion lasted for almost two hours. [redacted] was particularly interested in the effect this economic development might have on Moscow's relations with Eastern Europe, especially Romania.

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b. 14-15 December 1963 - At White House invitation I participated in a two-day discussion of Arms Control issues (see Annex A for list of those present); and in the course of my briefing on the status of Soviet arms, I gave a fairly full account of our findings on the Soviet economic deterioration.

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[redacted]

d. 16 December - At the weekly session of the DDI Panel (which reviews proposed finished intelligence production), there was a general discussion of the implications for our work of this development in the Soviet economy. Present were key officers from OCI, ORR, and ONE. They were made responsible for the preparation of a broadly based briefing paper for your use [redacted] A Special National Estimate is in process on your motion to provide a nationally accepted statement of the primary factors in our understanding of the Soviet economic situation.

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Meanwhile, a broad briefing paper of an unclassified nature was placed in preparation in response to a request from Governor Harriman on behalf of the Inter-Agency Psychological-Political Working Group. This Working Group plans to use the information in a variety of outlets to expose the weaknesses of Communism. (See interim reply Annex C.)

e. Walt Rostow has been kept in step on these actions and plans. He will obtain Departmental approval on policy aspects as required

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h. 23 December - [redacted] scheduled to interview me on the Soviet economy.

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3. Production:

The primary production work is done by ORR. They have already produced in support of the [redacted] briefing, the DD/P briefing. [redacted] They are now seized with the draft text for the SNIE and the "deeper, more comprehensive analysis" Secretaries Harriman and Alexis Johnson have requested. This latter paper, which is expected to run to 30 pages of single-spaced typescript, is scheduled for completion on 6 January.

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